

ASSEMBLY BILL

No. 1519

Introduced by Assembly Member Plescia

February 21, 2003

An act to amend Section 17041 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1519, as introduced, Plescia. Personal income tax: tax rate: tax brackets.

The Personal Income Tax Law imposes a tax upon taxable income at various percentage rates that each applies to a range of taxable income as specified in the relevant tax bracket.

This bill, for taxable years beginning on or after January 1, 2003, would increase the ceiling of each tax bracket by \$2,000.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17041 of the Revenue and Taxation
2 Code is amended to read:
3 17041. (a) There shall be imposed for each taxable year upon
4 the entire taxable income of every resident of this state who is not
5 a part-year resident, except the head of a household as defined in
6 Section 17042, taxes in the following amounts and at the following
7 rates upon the amount of taxable income computed for the taxable
8 year as if the resident were a resident of this state for the entire

taxable year and for all prior taxable years for any carryover items,
deferred income, suspended losses, or suspended deductions:

<i>If the taxable income is:</i>	<i>The tax is:</i>
Not over \$3,650	1% of the taxable income
Over \$3,650 but not over \$8,650	\$36.50 plus 2% of the excess over \$3,650
Over \$8,650 but not over \$13,650	\$136.50 plus 4% of the excess over \$8,650
Over \$13,650 but not over \$18,950	\$336.50 plus 6% of the excess over \$13,650
Over \$18,950 but not over \$23,950	\$654.50 plus 8% of the excess over \$18,950
Over \$23,950	\$1,054.50 plus 9.3% of the excess over \$23,950
<i>If the taxable income is:</i>	<i>The tax is:</i>
Not over \$7,834	1% of the taxable income
Over \$7,834 but not over \$15,829	<i>\$78.34 plus 2% of the excess over \$7,834</i>
Over \$15,829 but not over \$23,826	<i>\$238.24 plus 4% of the excess over \$15,829</i>
Over \$23,826 but not over \$32,298	<i>\$558.12 plus 6% of the excess over \$23,826</i>
Over \$32,298 but not over \$40,291	<i>\$1,066.44 plus 8% of the excess over \$32,298</i>
Over \$40,291	<i>\$1,705.88 plus 9.3% of the excess over \$40,291</i>

(b) (1) There shall be imposed for each taxable year upon the
taxable income of every nonresident or part-year resident, except

the head of a household as defined in Section 17042, a tax as calculated in paragraph (2).

(2) The tax imposed under paragraph (1) shall be calculated by multiplying the “taxable income of a nonresident or part-year resident,” as defined in subdivision (i), by a rate (expressed as a percentage) equal to the tax computed under subdivision (a) on the entire taxable income of the nonresident or part-year resident as if the nonresident or part-year resident were a resident of this state for the taxable year and as if the nonresident or part-year resident were a resident of this state for all prior taxable years for any carryover items, deferred income, suspended losses, or suspended deductions, divided by the amount of that income.

(c) There shall be imposed for each taxable year upon the entire taxable income of every resident of this state who is not a part-year resident for that taxable year, when the resident is the head of a household, as defined in Section 17042, taxes in the following amounts and at the following rates upon the amount of taxable income computed for the taxable year as if the resident were a resident of the state for the entire taxable year and for all prior taxable years for carryover items, deferred income, suspended losses, or suspended deductions:

If the taxable income is:	The tax is:
Not over \$7,300	1% of the taxable income
Over \$7,300 but not over \$17,300	\$73 plus 2% of the excess over \$7,300
Over \$17,300 but not over \$22,300	\$273 plus 4% of the excess over \$17,300
Over \$22,300 but not over \$27,600	\$473 plus 6% of the excess over \$22,300
Over \$27,600 but not over \$32,600	\$791 plus 8% of the excess over \$27,600
Over \$32,600	\$1,191 plus 9.3% of the excess over \$32,600

1	<i>If the taxable income is:</i>	<i>The tax is:</i>
2	Not over \$13,673	1% of the taxable income
3	Over \$13,673 but not	
4	over \$29,659	\$136.73 plus 2% of the excess
5		over \$13,673
6	Over \$29,659 but not	
7	over \$37,653	\$456.45 plus 4% of the excess
8		over \$29,659
9	Over \$37,653 but not	
10	over \$46,125	\$776.21 plus 6% of the excess
11		over \$37,653
12	Over \$46,125 but not	
13	over \$54,120	\$1,284.53 plus 8% of the excess
14		over \$46,125
15	Over \$54,120	\$1,924.13 plus 9.3% of the excess
16		over \$54,120

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18 (d) (1) There shall be imposed for each taxable year upon the
19 taxable income of every nonresident or part-year resident when the
20 nonresident or part-year resident is the head of a household, as
21 defined in Section 17042, a tax as calculated in paragraph (2).

22 (2) The tax imposed under paragraph (1) shall be calculated by
23 multiplying the "taxable income of a nonresident or part-year
24 resident," as defined in subdivision (i), by a rate (expressed as a
25 percentage) equal to the tax computed under subdivision (a) on the
26 entire taxable income of the nonresident or part-year resident as if
27 the nonresident or part-year resident were a resident of this state
28 for the taxable year and as if the nonresident or part-year resident
29 were a resident of this state for all prior taxable years for any
30 carryover items, deferred income, suspended losses, or suspended
31 deductions, divided by the amount of that income.

32 (e) There shall be imposed for each taxable year upon the
33 taxable income of every estate, trust, or common trust fund taxes
34 equal to the amount computed under subdivision (a) for an
35 individual having the same amount of taxable income.

36 (f) The tax imposed by this part is not a surtax.

37 (g) (1) Section 1 (g) of the Internal Revenue Code, relating to
38 certain unearned income of minor children taxed as if the parent's
39 income, shall apply, except as otherwise provided.

(2) Section 1(g)(7)(B)(ii)(II) of the Internal Revenue Code, relating to income included on parent's return, is modified, for purposes of this part, by substituting "1 percent" for "15 percent."

(h) For each taxable year beginning on or after January 1, ~~1988~~ 2003, the Franchise Tax Board shall recompute the income tax brackets prescribed in subdivisions (a) and (c). That computation shall be made as follows:

(1) The California Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current calendar year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall do both of the following:

(A) Compute an inflation adjustment factor by adding 100 percent to the percentage change figure that is furnished pursuant to paragraph (1) and dividing the result by 100.

(B) Multiply the preceding taxable year income tax brackets by the inflation adjustment factor determined in subparagraph (A) and round off the resulting products to the nearest one dollar (\$1).

(i) (1) For purposes of this part, the term "taxable income of a nonresident or part-year resident" includes each of the following:

(A) For any part of the taxable year during which the taxpayer was a resident of this state (as defined by Section 17014), all items of gross income and all deductions, regardless of source.

(B) For any part of the taxable year during which the taxpayer was not a resident of this state, gross income and deductions derived from sources within this state, determined in accordance with Article 9 of Chapter 3 (commencing with Section 17031 and Chapter 11 (commencing with Section 17951).

(2) For purposes of computing "taxable income of a nonresident or part-year resident" under paragraph (1), the amount of any net operating loss sustained in any taxable year during any part of which the taxpayer was not a resident of this state shall be limited to the sum of the following:

(A) The amount of the loss attributable to the part of the taxable year in which the taxpayer was a resident.

(B) The amount of the loss which, during the part of the taxable year the taxpayer is not a resident, is attributable to California

1 source income and deductions allowable in arriving at taxable
2 income of a nonresident or part-year resident.

3 (3) For purposes of computing “taxable income of a
4 nonresident or part-year resident” under paragraph (1), any
5 carryover items, deferred income, suspended losses, or suspended
6 deductions shall only be includible or allowable to the extent that
7 the carryover item, deferred income, suspended loss, or suspended
8 deduction was derived from sources within this state.

9 SEC. 2. This act provides for a tax levy within the meaning of
10 Article IV of the Constitution and shall go into immediate effect.

